

## CORPORATE FINANCIALS

RSM McGladrey is a subsidiary of H & R Block, Inc. H & R Block's 2001 Annual report containing the details of requested financial data can be found in Appendix H. Below are the estimated earnings as of 2/13/2002 as displayed at  
[http://www.corporate-ir.net/ireye/ir\\_site.zhtml?ticker=HRB&script=1600](http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=HRB&script=1600)

### H& R Block Earnings Estimates



#### First Call Earnings Estimates Summary H&R Block, Inc. (ticker symbol: HRB)

Fiscal Year Ending Apr

Last Changed: 13-Feb-2002

Year Ending	Q1 Jul	Q2 Oct	Q3 Jan	Q4 Apr	Fisc Yr Annual	Num Brok	Cal Yr Annual	Num Brok
2004					2.86	1		0
2003	-0.18	-0.23	0.09	2.86	2.50	4	2.75	1
2002	-0.17A	-0.15A	0.09	2.46	2.24	5	2.18	2
2001	-0.28A	-0.27A	0.03A	2.06A	1.55A	5	1.83	5
2000	-0.19A	-0.23A	-0.04A	1.73A	1.28A	6	1.21	5
1999	-0.13A	-0.16A	-0.02A	1.52A	1.18A	8	1.06	4

#### Consensus Recommendation: 1.6

Analyst recommendations as published on First Call are rated on a 1 to 5 scale. 1 is equivalent to a buy rating, 3 a hold rating, and 5 a sell rating. The Consensus Recommendation is the average rating on a stock by the analyst community.

#### Consensus 5-yr Growth Rate: 15%

First Call's consensus future 5-year growth rate equals the average projected growth rate for corporate earnings per share, as projected by the analyst community and submitted to First Call.

DISCLAIMER: CONSENSUS EARNINGS ESTIMATES ARE CALCULATED BY FIRST CALL BASED ON THE EARNINGS PROJECTIONS MADE BY THE ANALYSTS WHO COVER H&R BLOCK, INC. PLEASE NOTE THAT ANY OPINIONS, ESTIMATES OR FORECASTS REGARDING H&R BLOCK, INC.'S PERFORMANCE MADE BY THESE ANALYSTS (AND THEREFORE THE CONSENSUS ESTIMATE NUMBERS) ARE THEIRS ALONE AND DO NOT REPRESENT OPINIONS, FORECASTS OR PREDICTIONS OF H&R BLOCK, INC. OR ITS MANAGEMENT. H&R BLOCK, INC. DOES NOT BY ITS REFERENCE ABOVE OR DISTRIBUTION IMPLY ITS ENDORSEMENT OF OR CONCURRENCE WITH SUCH INFORMATION, CONCLUSIONS OR RECOMMENDATIONS.

Source: [Media General Financial Services, Inc., Richmond, VA](#)

## H&R Block Balance Sheet Highlights

All values in millions unless otherwise specified.

<b>Assets</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
<b>Current Assets</b>					
Cash & Equivalents	272	380	193	901	596
Accounts Receivable	1,684	3,292	743	793	526
Total Current Assets	2,271	3,864	1,087	2,143	1,270
Gross Fixed Assets (PP&E)	613	475	308	244	853
Intangibles	1,052	1,095	406	289	80
Total Assets	4,122	5,699	1,910	2,904	1,906
<b>Liabilities &amp; Stockholders' Equity</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
<b>Liabilities</b>					
Accounts Payable	1,419	2,793	169	115	194
Short-Term Debt	52	352	72	643	270
Other Current Liabilities	517	376	313	519	250
Total Current Liabilities	1,988	3,520	554	1,277	713
Long-Term Debt	871	872	250	250	N/A
Total Liabilities	2,948	4,481	848	1,563	907
Common Stock Equity	1,174	1,219	1,062	1,342	999
Total Stockholders' Equity	1,174	1,219	1,062	1,342	999
Total Liabilities & Stockholders' Equity	4,122	5,699	1,910	2,904	1,906

Source: [Media General Financial Services, Inc., Richmond, VA](#)

### Definitions for items in the "Assets" section

Current Assets

The cash and cash-like items such as short-term investments that can be quickly converted to cash. Typical Accounts: Cash; Bullion, except for gold and silver making companies; Certificates of deposit; Commercial paper; short-term investments; Temporary cash investments; Time deposits.

#### Cash & Equivalents

The cash and cash-like items that can be quickly converted to cash. Typical accounts: Cash; Bullion, except for gold and silver making companies; Certificates of deposit; Commercial paper; Temporary cash investments; Time deposits. This does not include Marketable Securities.

#### Accounts Receivable

The amounts owed to the company, net of any provision for bad debts. Typical Accounts: Accounts receivable; Notes receivable; Trade receivables; Accrued receivables; Unbilled costs and estimated earnings on contracts in progress; Amount due from unconsolidated subsidiaries; Money due from sales of debentures; Unbilled shipments; Amounts due from officers and employees (when listed as a current asset); Commercial paper listed by subsidiaries to parent company; Store property covered by investors; commitments to purchase.

#### Inventories

Merchandise bought for resale or supplies and raw materials purchased for use in revenue producing operations. Typical Accounts: Inventory; Materials and supplies; Raw materials; Work in process; Finished goods; Merchandise; Merchandise in transit; U.S. Government contract billings and expensed contracts; Deposits/advances on material purchases; Work in process and advances to subcontractors (net of progress payments); Advance manufacturing costs; Revenue stamps; Unbilled costs on U.S. Government contracts; Advances to planters; Fuel, oil and gas (utilities); Advances to other producers (motion picture companies; Storage charges (distilleries); Film costs net of accumulated depreciation; Program broadcast rights; Tires and trucking supplies for transportation companies; Bullion for gold and silver mining companies; Bottles, cases and kegs are not considered part of inventories, nor is the category "Supplies and Prepaid Expenses".

#### Total Current Assets

The total amount of assets which are considered to be convertible into cash within a relatively short period of time, usually a year. Cash and equivalents + receivables + inventories + other current assets.

#### Gross Fixed Assets (PP&E)

The original purchase price of the company's fixed assets.

#### Intangibles

Value to the company that is neither physical nor financial in nature. Intangibles are listed net of accumulated amortization. Typical accounts: Goodwill; Patents; Trademarks; Copyrights; Licenses; Franchises; Excess of cost over net tangible assets required; Intangible assets.

#### Total Assets

Total current assets + total non-current assets.

### Definitions for items in the "Liabilities & Stockholders' Equity" section

#### Accounts Payable

The money owed (payable) to suppliers for goods or services purchased on credit; these must be paid within 12 months. Typical Accounts: Accounts payable; Trade notes payable.

#### Short-Term Debt

The amount of borrowed principal and interest which must be paid in the near future (usually one year).

#### Total Current Liabilities

Accounts payable + short-term debt + other current liabilities.

#### Long-Term Debt

The amount of borrowings due after one year from the date of the balance sheet. Typical Accounts: Long-term debt; Long-term obligations; Non-current notes payable; Bonds, debentures, mortgages, etc.; Term obligations; Current maturities intended to be re-financed; Convertible subordinated debentures; Unsecured term notes; Mortgages payable; First mortgage bonds; Mortgage notes and contracts payable; Installment notes; Capitalized leasehold obligations; Long-term leases (an alternative to ownership and bond financing).

#### Total Liabilities

Total current liabilities + total non-current liabilities.

**Preferred Stock Equity**

The amount of stockholders' equity attributable to the preferred stock issued of the parent company. Preferred Stock Equity = Number of Preferred Shares issued (less any preferred shares in the Treasury) x Involuntary Liquidating Value per share (usually par).

**Total Stockholders' Equity**

Preferred stock equity + common stock equity.

**Total Liabilities & Stockholders' Equity**

The sum of the total liabilities and the shareholders equity.

## H&R Block Cash Flow Highlights

All values in millions unless otherwise specified.

<b>Cash Flow from Operating Activities</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
Net Cash from Continuing Operations	296	505	221	185	78
Net Cash from Operating Activities	296	505	221	185	78
<b>Cash Flow from Investment Activities</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
Net Cash used for Investments	259	(873)	262	135	(260)
<b>Cash Flow from Financing Activities</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
Net Cash from (used for) Financing Activities	(662)	554	(1,191)	124	92
Net Change in Cash & Equivalents	(108)	187	(708)	444	(90)
Cash & Equivalents at Beginning of Period	380	193	901	457	686

Source: [Media General Financial Services, Inc., Richmond, VA](#)

### Definitions for items in the "Cash Flow from Operating Activities" section

Net Cash from Continuing Operations

Depreciation & Amortization + Deferred Income Taxes + Operating Gains/Losses + Extraordinary Gains/Losses + Other Non-Cash Items + Accounts Receivable + Inventories + Other Current Assets + Short-Term Debt + Other Current Liabilities.

Net Cash from Discontinued Operations

Net Cash from Discontinued Operations is the income from operations sold or discontinued during the accounting period. However, it is not an extraordinary gain/loss.

Net Cash from Operating Activities

Net Cash from Continuing Operations + Net Cash from Discontinued Operations.

### Definitions for items in the "Cash Flow from Investment Activities" section

Net Cash used for Investments

Sales of Property, Plant, Equipment + Sales of Short-Term Investments + Purchases of Property, Plant, Equipment + Purchases of Short-Term Debt + Other Investing Changes.

**Definitions for items in the "Cash Flow from Financing Activities" section**

Net Cash from (used for) Financing Activities

Issuance of Debt + Issuance of Capital Stock + Repayment of Long-Term Debt + Repurchase Capital Stock + Payment of Cash Dividends + Other Financing Changes, Net.

Net Change in Cash & Equivalents

The difference between the cash & cash equivalents at the beginning of the reporting period minus the amount at the end of the reporting period.

Cash & Equivalents at Beginning of Period

The amount of cash & cash equivalents at the beginning of the fiscal period. Usually this amount will be listed as the cash at the beginning of period.

Cash & Equivalents at End of Period

The amount of cash & cash equivalents at the end of the fiscal period. Usually this amount will be listed as the cash at the end of period.

## H&R Block Income Statement Highlights

All values in millions, except per share items.

<b>Income Statement Summary</b>					
	<b>FY End 4/01</b>	<b>FY End 4/00</b>	<b>FY End 4/99</b>	<b>FY End 4/98</b>	<b>FY End 4/97</b>
Revenue	3,002	2,452	1,522	1,196	1,806
Cost of Sales	315	274	84	57	127
Gross Profit	2,687	2,178	1,438	1,139	1,678
<b>Operating Expenses</b>					
Selling, General & Administrative	1,774	1,474	1,062	886	1,497
Operating Profit Before Depreciation & Amortization	913	704	376	253	182
Depreciation & Amortization	206	147	75	56	288
Operating Income after D & A	708	557	301	197	(106)
Other Income (net)	8	9	152	136	145
Interest Expense	243	154	69	52	N/A
Pre-Tax Income (EBT)	473	412	384	281	39
Net Income from Continuing Operations	277	252	238	174	48
Net Income from Discontinued Operations	N/A	N/A	(22)	218	N/A
Net Income from Total Operations	277	252	215	392	48
Normalized Income	277	252	238	174	48
Total Net Income	281	252	215	392	48
Net Income available for Common Shareholders	277	252	238	174	48
<b>Earnings per Share (in Dollars)</b>					
Basic EPS from Continuing Operations	1.51	1.29	1.19	0.83	0.69
Basic EPS from Discontinued Operations	N/A	N/A	(0.11)	1.04	(0.46)
Basic EPS from Total Operations	1.51	1.29	1.08	1.87	0.23
Basic EPS from Total Net Income	1.54	1.29	1.08	1.87	0.23
Basic Normalized Net Income/Share	1.50	1.29	1.19	0.83	0.69
Diluted EPS from Continuing Operations	1.50	1.28	1.18	0.81	0.68
Diluted EPS from Discontinued Operations	N/A	N/A	(0.11)	1.02	(0.46)

Diluted EPS from Total Operations	1.50	1.28	1.07	1.83	0.22
Diluted EPS from Total Net Income	1.53	1.28	1.07	1.83	0.22
Diluted Normalized Net Income/Share	1.49	1.27	1.18	0.81	0.68
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Dividends Paid/Share	0.59	0.54	0.48	0.40	0.52

Source: [Media General Financial Services, Inc., Richmond, VA](#)

### Definitions for items in the "Income Statement Summary" section

#### Revenue

The net sales of the corporation plus any other revenues associated with the main operations of the business (or those labeled as operating revenues). It does not include dividends, interest income or non-operating income.

#### Cost of Sales

Cost of Sales includes all expenses directly associated with the production of goods or services the company sells (such as material, labor and overhead) excluding depreciation, depletion, amortization, and SG&A.

#### Typical Accounts:

Cost of goods sold; Materials and production expenses; Gas purchased; Fuel and power purchased; Exploration and well drilling expense; Mining expenses; Oil and gas property abandonments, includes dry holes if not specified; Other operating expenses for utilities and railroad maintenance

*When depreciation figures given on the Income Statement and on the Cash Flow Statement differ, compute the correct Cost of Sales figure:*

$$\text{Cost of Sales} + [(\text{Depreciation from Income Statement}) - (\text{Depreciation from Cash Flow Statement})]$$

#### Gross Profit

Operating revenue minus cost of goods sold. Gross profit identifies the amount available to cover other operating expenses before depreciation. Gross Margin is this number divided by operating revenue.

#### Selling, General & Administrative

Expenses including Salaries, indirect production, marketing and general corporation expenses. Typical Accounts: Advertising; All provisions for doubtful accounts/losses; Commissions; Contribution to pension plans; Corporate expenses; Delivery; Distribution; Dry holes (oil and gas companies) – if specified; Employee benefits; Employee profit sharing; Marketing Maintenance, except for utilities and railroads; Payroll; Rent; Research and Development Research and engineering; Selling, general, administrative; Storage and delivery.

#### Operating Profit Before Depreciation & Amortization

The operating revenue less cost of sales, operating expenses, and SG&A expenses (excluding depreciation and amortization). This is also called EBITDA.

#### Depreciation & Amortization

A non-cash charge that represents a reduction in the value of fixed assets due to wear, age, or obsolescence. This figure also includes amortization of leased property, intangibles, and goodwill, and depletion. This field is an add-back to the Statement of Cash Flows.

#### Operating Income after D & A

The income from current operations before adding any other income or subtracting interest expense and taxes.

#### Other Income (net)

A residual category into which miscellaneous non-operating revenues and expenses are netted. Typical Accounts: Other income; Other expenses; Royalty income, except for royalty companies; Interest income; Dividend income; Gain or loss from joint venture; Idle plan expenses; Equity in earnings of unconsolidated subsidiaries; Foreign exchange adjustments; Allowance for funds used during construction; Miscellaneous income or expense; Liquidation, vacancy and store closing costs; Allowance for borrowed funds used instead of netting out interest; Settlement of contracts; Gain or loss on sale of properties where such transactions are a normal part of doing business.



**Interest Expense**

The fixed interest expenses net of capitalized interest. This category also includes dividends on preferred stock of unconsolidated subsidiaries, if any.

**Pre-Tax Income (EBT)**

Annual Operating Revenue less all expenses except income taxes.

**Net Income from Continuing Operations**

This is income taken before the following: Preferred Dividends; Extraordinary Gains and Losses; Income from Cumulative Effects of Accounting Change; Non-Recurring Items; Income from Tax Loss Carryforward; Other Gains/Losses.

**Net Income from Discontinued Operations**

The income from operations sold or discontinued during the accounting period. This does not include extraordinary gains/losses.

**Net Income from Total Operations**

The income from total operations (continuing + discontinued operations), after taxes and minority interest and before extraordinary gains/losses.

**Special Income/Charges**

Media General identifies special income/charges in this field. This figure is always pre-tax figure and is either infrequent OR unusual, but not both.

**Normalized Income**

A calculated field: = Net Income from Total Operations minus Special Income/Charges.

**Income from Extraordinary Gains/Losses**

Income incurred from extraordinary events and transactions that are both infrequent and unusual. Examples: 1. Act of God. 2. Property is taken by a foreign country. 3. A new law/regulation. Typical Accounts: Extraordinary Items; Extraordinary Credit.

**Income from Other Gains/Losses**

Income including those gains/losses incurred from an event that is both uncontrollable and often occurs in the area. Examples: 1. List gains/losses from the sale of operations or company assets (property, plant, equipment) 2. Acts of God that are indigenous to an area: tornadoes 3. Losses from a labor strike.

**Total Net Income**

Income of the company that includes all the operations (continuing and discontinued) and all the other income or charges (extraordinary, accounting changes, tax loss carryforward, and other gains and losses).

**Preferred Stock Dividends**

The total dollar amount of the current dividend requirement on issued preferred stock of the parent company. Preferred dividends are the amounts required for the current year only, and not for any amount required in past years.

**Net Income available for Common Shareholders**

Net Income available for Common Stockholders equals the net income minus the preferred dividends paid. It represents the income available to common stockholders.

**Basic EPS from Continuing Operations**

The earnings from continuing operations reported by the company divided by the weighted average number of common shares outstanding. This excludes income from discontinued operations and extraordinary gains/losses. This is a reported figure and is based on the Financial Accounting Standards Board (FASB) Statement 128 issued in 1997.

**Basic EPS from Discontinued Operations**

The earnings from discontinued operations reported by the company divided by the weighted average number of common shares outstanding. This excludes income from continuing operations and extraordinary gains/losses. This is a reported figure and is based on the Financial Accounting Standards Board (FASB) Statement 128 issued in 1997.

**Basic EPS from Total Operations**

The earnings from total operations (continuing operations + discontinued operations) divided by the common shares outstanding adjusted for the assumed conversion of all potentially dilutive securities. Securities having a dilutive effect may include convertible debentures, warrants, options, convertible preferred stock, etc. This excludes income from extraordinary gains/losses. This is a reported figure and is based on the Financial Accounting Standards Board (FASB) Statement 128 issued in 1997.

**Basic EPS from Total Net Income**

The bottom line income after all expenses divided by the common shares outstanding adjusted for the assumed conversion of all potentially dilutive securities. Securities having a dilutive effect may include convertible debentures, warrants, options, convertible preferred stock, etc. This excludes income from extraordinary gains/losses. This is a reported figure and is based on the Financial Accounting Standards Board (FASB) Statement 128 issued in 1997.

**Basic Normalized Net Income/Share**

Net Income from Total Operations minus Special Income/Charges, divided by the diluted shares outstanding. Data is taken from the 10-Q or 10-K. For Canadian Securities, the Audited Annual Financial Statement is the primary source for this information. An Annual Report and Annual Information Form may also be used. In place of a 10Q, an Interim Financial Statement filed with SEDAR.

**Diluted EPS from Continuing Operations**

The earnings from continuing operations divided by the common shares outstanding adjusted for the assumed conversion of all potentially dilutive securities. Securities having a dilutive effect may include convertible debentures, warrants, options, convertible preferred stock, etc. This excludes income from extraordinary gains/losses. This is a reported figure and is based on the Financial Accounting Standards Board (FASB) Statement 128 issued in 1997.

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**Diluted Normalized Net Income/Share**

Net Income from Total Operations minus Special Income/Charges, divided by the diluted shares outstanding. Data is taken from the 10-Q or 10-K. For Canadian Securities, the Audited Annual Financial Statement is the primary source for this information. An Annual Report and Annual Information Form may also be used. In place of a 10Q, an Interim Financial Statement filed with SEDAR.

**Dividends Paid/Share**

The fiscal year-to-date cumulative dividends paid per share. Data is taken from the 10-Qs. In place of a 10Q, an Interim Financial Statement filed with SEDAR, for Canadian securities.

## DDR/SourceCorp: Our most current Form 10K Filing is provided in Appendix H

### DDR/FYI (Now SourceCorp) Selected 1996 -2000 Financial Data (In thousands, except per share data)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Statement of Operations Data:</b>					
Revenue.....	\$106,625	\$177,272	\$240,906	\$350,044	\$457,590
Cost of services.....	65,109	112,161	147,964	213,928	272,823
Depreciation.....	<u>2,176</u>	<u>3,730</u>	<u>5,889</u>	<u>8,815</u>	<u>13,802</u>
Gross profit.....	39,340	61,381	87,053	127,301	170,965
Selling, general and administrative expenses (1) (2).....	26,459	37,956	55,594	78,577	100,456
Gain on sale of assets of subsidiary, net (3).....	—	—	(4,394)	—	—
Amortization (4).....	<u>599</u>	<u>1,835</u>	<u>4,845</u>	<u>4,748</u>	<u>8,554</u>